



August 6, 2018

Consolidated Financial Results for the Three Months Ended June 30, 2018 (IFRS)

Company name: MIURA CO.,LTD.
 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 6005
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 Scheduled date for filing of quarterly securities report: August 10, 2018
 Scheduled date of commencement of dividend payment: —
 Supplementary documents for quarterly financial results: None
 Quarterly financial results briefing: None

(Units of less than 1 million yen have been omitted)

1. Consolidated Financial Results for the Three Months Ended June 30, 2018 (April 1, 2018 – June 30, 2018)

(1) Consolidated Operating Results (cumulative)

(Percentages show year-on-year changes)

	Revenue		Operating profit		Profit before income taxes		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended								
June 30, 2018	28,755	38.2	3,103	45.0	3,299	44.4	2,414	56.9
June 30, 2017	20,802	5.4	2,139	32.0	2,284	60.0	1,538	65.6

	Profit attributable to owners of parent		Comprehensive income (loss)		Basic earnings per share	Diluted earnings per share
	Million yen	%	Million yen	%	Yen	Yen
Three months ended						
June 30, 2018	2,389	57.4	2,005	14.4	21.23	21.18
June 30, 2017	1,518	62.3	1,753	—	13.49	13.46

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	Million yen	Million yen	Million yen	%
As of				
June 30, 2018	163,534	117,852	117,583	71.9
March 31, 2018	167,083	117,723	117,482	70.3

2. Dividends

	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
Fiscal year ended March 31, 2018	Yen —	Yen 11.00	Yen —	Yen 17.00	Yen 28.00
Fiscal year ending March 31, 2019	—				
Fiscal year ending March 31, 2019 (Forecasts)		12.00	—	17.00	29.00

(Note) Revisions to the dividend forecasts most recently announced: None

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(Percentages show the rate of increase or decrease from the previous corresponding period)

	Revenue		Operating profit		Profit before income taxes		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half of the fiscal year	63,500	15.1	7,000	4.6	7,100	2.8	5,000	4.3	44.43
Full-year	135,000	8.1	14,800	6.7	15,000	5.8	10,700	3.2	95.08

(Note) Revisions to the consolidated forecasts most recently announced: None

* Notes

(1) Changes of significant subsidiaries during the period (changes of specific subsidiaries in accordance with changes in the scope of consolidation): Yes

Excluded consolidated company: 1 Inax Inamoto Holdings Co., Ltd.

Inax Inamoto Holding Co., Ltd. was merged into Inax Corporation, the surviving company, as of 1 April 2018 and was out of scope of consolidation.

(2) Changes in Accounting Policies and Accounting Estimates

(i) Changes in accounting policies required by IFRS: Yes

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates: None

(3) Numbers of Outstanding Shares (Common Shares)

(i) Number of shares outstanding at the end of the period (including treasury shares)

As of June 30, 2018: 125,291,112 shares

As of March 31, 2018: 125,291,112 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2018: 12,745,372 shares

As of March 31, 2018: 12,751,387 shares

(iii) Weighted-average number of common shares outstanding for the period

Three months ended June 30, 2018: 112,541,642 shares

Three months ended June 30, 2017: 112,546,680 shares

* Financial summaries are not required to be audited.

* Explanation of the Proper Use of Financial Results Forecast and Other Notes

(Notes on forward-looking statements)

The forward-looking statements herein are based on the information currently available to the Company and certain assumptions which are regarded as legitimate. The Company makes no warranty as to the achievability of what is described in the statements. Actual results may differ significantly from these forecasts due to various factors. For the assumptions underlying the forecasts and precautions when using the forecasts, please refer to “1. Qualitative Information Regarding Results for the Three Months Ended June 30, 2018, (2) Explanation of Consolidated Forecasts and Other Forward-Looking Statements” on page 3 of the attached materials.

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1. Qualitative Information Regarding Results for the Three Months Ended June 30, 2018

(1) Explanation of Operating Results

Looking back on the state of the Japanese economy during the three months ended June 30, 2018, the economy is continuing its trend of gradual recovery backed by the improvements in corporate revenue. However, a state of uncertainty continues to intensify due to the spread of protectionism in each country and geopolitical risks.

The Japanese domestic market to which the Miura Group is related shows a strong growth fueled by the stable demand for capital investment in maintaining or renewing existing facilities in many industries as well as by a strong demand for new facilities driven by inbound tourism consumption and a need for labor-saving and automation associated with staff shortages. As for the overseas market, the demand for capital investment is steadily growing driven by the awareness of saving energy and minimizing the burden to the environment, and economic growth in the emerging countries. China was affected by a shortage of natural gas caused by its enhanced environmental regulations, but the demand for capital investment remains strong.

In these circumstances, our efforts to offer total solutions by making use of Miura's collective energies, that are enabled by the previous fiscal year's restructuring of our organizations focused on geographic area instead of product lines, are now bearing fruit. In the aim of turning the ideal situation conceived by our customers into a reality, we will continue to make proposals including not only utility facilities but also production facilities, so that customers and we jointly find solutions to the management issues including labor-saving and automation as well as optimization of energy.

In June 2018, we opened a large showroom in our head office plant. The new showroom presents the history of Miura and its efforts both at present and for the future, clearly showcasing the total solutions continuing to refine. We will strive to further expand business and contribute to society by making the most of this showroom.

For the three months ended June 30, 2018, revenue increased to ¥28,755 million, up 38.2% from the same period of the previous fiscal year, operating profit increased to ¥3,103 million, up 45.0% from the same period of the previous fiscal year, profit before income taxes amounted to ¥3,299 million, up 44.4% from the same period of the previous fiscal year, and profit attributable to owners of parent stood at ¥2,389 million, up 57.4% from the same period of the previous fiscal year, reaching a record high respectively. This is because each business experienced strong growth in the Domestic Laundry business operated by Inax Inamoto Holdings Co., Ltd., which became one of our group companies in the second quarter of the fiscal year ended March 31, 2018, and the sales of boilers in China marked strong growth. Operating results for each business segment is as follows.

(i) Domestic Manufacturing and Sales of Products

In the Domestic Manufacturing and Sales of Products business, sales of small once-through boilers were strong in the field of food production and in chemical industries. Moreover, continuing from the previous quarter, there were strong sales of food processing equipment such as vacuum cooling equipment, retort sterilization equipment, and steam kneaders, fueled by an increase in the number of new plant constructions in response to an expanding ready-made meals market. As for the medical equipment, sales were strong as we continued to develop markets for our strategic products such as washers, and improved sales capabilities through the organizational restructuring. As a result, revenue in this business was ¥10,871 million, up 12.3% from the same period of the previous fiscal year (¥9,678 million). In terms of segment profit, the segment saw an increase in personnel expenses, attributable to a rise in pay-scale as well as higher numbers of employees, while trials for obtaining USCG (United States Coast Guard) compliance certification for our ballast water management systems pushed up research expenses. Nevertheless, the segment achieved a profit of ¥200 million, up 27.2% from the same period of the previous fiscal year (¥157 million), thanks to a boost from revenue.

(ii) Domestic Maintenance

In the Domestic Maintenance business, sales grew due to an increase in the number of boiler installations, larger-capacity boilers, and aggressive activity to secure paid maintenance contracts. As a result, revenue in this business was ¥7,418 million, up 6.6% from the same period of the previous fiscal year (¥6,962 million). Segment profit was ¥2,155 million, up 10.9% from the same period of the previous fiscal year (¥1,943 million).

(iii) Domestic Laundry

In the Domestic Laundry business, sales of tunnel washer—a major product—boasted strong performance due to aggressive investment in large-scale projects for building new plants and refitting facilities made in response to inbound demand and an increasing demand for labor-saving and automation, which continued from the previous quarter. As a result, revenue in this business was ¥5,799 million, while segment profit came to ¥555 million after the segment disposed of intangible assets. As this segment was newly added from the second quarter of the fiscal year ended March 31, 2018, the comparison with the same period of the previous fiscal year is omitted.

(iv) Overseas Manufacturing and Sales of Products

The Overseas Manufacturing and Sales of Products business improved its earnings due in large part to China's continuing shift in demand from coal-fired boilers to the more efficient gas-fired boilers. Sales in ASEAN nations and the Americas also continued to be strong. As a result, revenue in this business was ¥3,373 million, up 11.9% from the same period of the previous fiscal year (¥3,014 million). However, as a result of higher personnel expenses (partly due to an increase in employees) and costs associated with expanding the sales network in China, segment loss was ¥6 million, compared with a segment profit of ¥99 million in the same period of the previous fiscal year.

(v) Overseas Maintenance

The Overseas Maintenance business made aggressive efforts to develop the maintenance network and secure paid maintenance contracts, resulting in higher sales in all target countries. As a result, revenue in this business was ¥1,276 million, up 12.7% from the same period of the previous fiscal year (¥1,132 million). In terms of segment profit, although expenses rose following higher personnel expenses (partly due to an increase in employees) and costs associated with expanding the maintenance network in China, the increase in sales resulted in profit of ¥135 million compared with a segment loss of ¥19 million in the same period of the previous fiscal year.

(2) Explanation of Consolidated Forecasts and Other Forward-Looking Statements

The first half and full-year consolidated forecasts for the fiscal year ending March 31, 2019 that the Company announced on May 15, 2018 remain unchanged.

A heavy rain occurred on July 7, 2018 ("Heavy Rain Event of July 2018") flooded areas surrounding the plant of MIURA KOUKI CO., LTD. in Seiyoshi, Ehime, a consolidated subsidiary of the Company, inundating a part of its premises and buildings.

Due to this flood, some of the manufacturing machinery and equipment have been damaged by the flooded water, but the restoration work is largely completed and the impact on the operating activities of the entire Group is limited.

There has been damage to the manufacturing machinery and equipment, inventories, and other assets, and the amount of damage is currently being calculated. We will disclose the confirmed amount of damage in a timely manner, if it is such that gives certain impact to the Group's performance.

2. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statements of Financial Position

(Million yen)

	As of March 31, 2018	As of June 30, 2018
Assets		
Current assets		
Cash and cash equivalents	26,699	20,906
Trade and other receivables	40,066	36,533
Other financial assets	9,897	11,822
Inventories	18,656	21,101
Other current assets	663	841
Total current assets	<u>95,983</u>	<u>91,204</u>
Non-current assets		
Property, plant and equipment	39,645	41,303
Intangible assets	14,348	14,311
Other financial assets	12,910	12,381
Net defined benefit asset	1,336	1,345
Deferred tax assets	2,462	2,607
Other non-current assets	396	381
Total non-current assets	<u>71,099</u>	<u>72,330</u>
Total assets	<u>167,083</u>	<u>163,534</u>

(Million yen)

As of March 31, 2018 As of June 30, 2018

	As of March 31, 2018	As of June 30, 2018
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	13,632	13,049
Other financial liabilities	4,561	4,585
Income taxes payable	2,594	1,126
Provisions	1,103	1,018
Contract liabilities	—	10,708
Other current liabilities	21,790	9,693
Total current liabilities	43,682	40,182
Non-current liabilities		
Other financial liabilities	2,715	2,578
Net defined benefit liability	393	425
Provisions	1	1
Deferred tax liabilities	2,179	2,134
Other non-current liabilities	388	359
Total non-current liabilities	5,678	5,499
Total liabilities	49,360	45,682
Equity		
Capital stock	9,544	9,544
Capital surplus	10,489	10,517
Retained earnings	101,905	102,382
Treasury shares	(7,019)	(7,014)
Other components of equity	2,562	2,153
Total equity attributable to owners of parent	117,482	117,583
Non-controlling interests	241	269
Total equity	117,723	117,852
Total liabilities and equity	167,083	163,534

(2) Condensed Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Condensed Consolidated Statements of Income)

(Million yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Revenue	20,802	28,755
Cost of revenue	11,556	17,405
Gross profit	9,245	11,349
Selling, general and administrative expenses	7,355	8,536
Other income	254	335
Other expenses	5	45
Operating profit	2,139	3,103
Finance income	145	206
Finance costs	—	10
Profit before income taxes	2,284	3,299
Income tax expenses	745	884
Profit	1,538	2,414
Profit attributable to:		
Owners of parent	1,518	2,389
Non-controlling interests	20	24
Profit	1,538	2,414
Earnings per share		
Basic (Yen)	13.49	21.23
Diluted (Yen)	13.46	21.18

(Consolidated Statements of Comprehensive Income)

(Million yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Profit	1,538	2,414
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	318	(258)
Total items that will not be reclassified to profit or loss	318	(258)
Items that will be reclassified to profit or loss		
Translation adjustments of foreign operations	(104)	(150)
Total items that will be reclassified to profit or loss	(104)	(150)
Other comprehensive income (loss), net of taxes	214	(408)
Comprehensive income (loss)	1,753	2,005
Comprehensive income (loss) attributable to		
Owners of parent	1,734	1,981
Non-controlling interests	18	24
Comprehensive income (loss)	1,753	2,005

(3) Condensed Consolidated Statements of Changes in Equity

For the Three Months Ended June 30, 2017 (April 1, 2017 – June 30, 2017)

(Million yen)

	Equity attributable to owners of parent				Other components of equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Financial assets measured at FVTOCI
As of April 1, 2017	9,544	10,406	93,859	(7,020)	1,950
Profit	—	—	1,518	—	—
Other comprehensive income (loss)	—	—	—	—	320
Comprehensive income (loss)	—	—	1,518	—	320
Compensation costs related to stock options	—	15	—	—	—
Dividends	—	—	(1,350)	—	—
Acquisition of treasury shares	—	—	—	—	—
Disposal of treasury shares	—	—	—	—	—
Total transactions with the owners	—	15	(1,350)	—	—
As of June 30, 2017	9,544	10,421	94,028	(7,020)	2,270

	Equity attributable to owners of parent				Non- controlling interests	Total equity
	Other components of equity		Total	Total		
	Translation adjustments of foreign operations	Total				
As of April 1, 2017	(55)	1,894	108,685	203	108,888	
Profit	—	—	1,518	20	1,538	
Other comprehensive income (loss)	(104)	215	215	(1)	214	
Comprehensive income (loss)	(104)	215	1,734	18	1,753	
Compensation costs related to stock options	—	—	15	—	15	
Dividends	—	—	(1,350)	(0)	(1,350)	
Acquisition of treasury shares	—	—	—	—	—	
Disposal of treasury shares	—	—	—	—	—	
Total transactions with the owners	—	—	(1,335)	(0)	(1,335)	
As of June 30, 2017	(160)	2,110	109,084	222	109,306	

For the Three Months Ended June 30, 2018 (April 1, 2018 – June 30, 2018)

(Million yen)

	Equity attributable to owners of parent				Other components of equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Financial assets measured at FVTOCI
As of April 1, 2018	9,544	10,489	101,905	(7,019)	2,906
Profit	—	—	2,389	—	—
Other comprehensive income	—	—	—	—	(258)
Comprehensive income	—	—	2,389	—	(258)
Compensation costs related to stock options	—	21	—	—	—
Dividends	—	—	(1,913)	—	—
Acquisition of treasury shares	—	—	—	(0)	—
Disposal of treasury shares	—	7	—	5	—
Total transactions with the owners	—	28	(1,913)	5	—
As of June 30, 2018	9,544	10,517	102,382	(7,014)	2,647

	Equity attributable to owners of parent			Non-controlling interests	Total equity
	Other components of equity	Total	Total		
	Translation adjustments of foreign operations	Total	Total		
As of April 1, 2018	(343)	2,562	117,482	241	117,723
Profit	—	—	2,389	24	2,414
Other comprehensive income (loss)	(150)	(408)	(408)	(0)	(408)
Comprehensive income (loss)	(150)	(408)	1,981	24	2,005
Compensation costs related to stock options	—	—	21	—	21
Dividends	—	—	(1,913)	(3)	(1,916)
Acquisition of treasury shares	—	—	(0)	—	(0)
Disposal of treasury shares	—	—	12	6	19
Total transactions with the owners	—	—	(1,879)	3	(1,876)
As of June 30, 2018	(494)	2,153	117,583	269	117,852

3. Notes on Condensed Consolidated Financial Statements

(Segment Information)

1. General Information on Reporting Segments

Financial information which is broken down within each component unit is available for the Miura Group's reporting segments. The information is subject to regular review by the Board of Directors in order to make decisions about resources to be allocated and to assess performance.

The Miura Group is engaged primarily in the manufacture, sales, and maintenance of boilers and related equipment. The Company and domestic affiliated companies undertake our domestic business, and our overseas affiliated companies undertake our overseas business. Each of our local subsidiaries is an independent management unit that proposes comprehensive strategy for the products it handles in each region and engages in business activities.

Accordingly, the Miura Group is composed of domestic and overseas segments founded upon a manufacturing, sales, and maintenance framework, with Domestic Manufacturing and Sales of Products, Domestic Maintenance, Domestic Laundry, Overseas Manufacturing and Sales of Products, and Overseas Maintenance as our reporting segments.

2. Segment revenue and performance

Revenue and performance of each reportable segment of the Miura Group are as follows.

Intersegment revenue and transfers are based on current market values.

For the Three Months Ended June 30, 2017

(Million yen)

	Reportable segments						Others (Note 2)	Total	Adjustment (Note 3)	Consolidated
	Domestic (Note 1)			Overseas (Note 1)		Subtotal				
	Manufacturing and sales of products	Maintenance	Laundry	Manufacturing and sales of products	Maintenance					
Revenue										
Revenue to external customers	9,678	6,962	—	3,014	1,132	20,787	14	20,802	—	20,802
Intersegment revenue and transfers	595	24	—	73	6	699	111	811	(811)	—
Total	10,274	6,986	—	3,087	1,139	21,487	126	21,614	(811)	20,802
Segment profit (loss)	157	1,943	—	99	(19)	2,181	18	2,199	(59)	2,139
Finance income	—	—	—	—	—	—	—	—	—	145
Finance costs	—	—	—	—	—	—	—	—	—	—
Profit before income taxes	—	—	—	—	—	—	—	—	—	2,284

(Notes)

1. The "Domestic" and "Overseas" categories among the reportable segments pertain to the business activities of domestic consolidated companies and overseas consolidated companies, respectively.
2. The "Others" category consists of business that is not included in reportable segments. It includes Real estate management business and Enterprise and personal non-life insurance and life insurance agent business.
3. Adjustment of segment profit (loss) include the elimination of internal transactions among segments.

For the Three Months Ended June 30, 2018

(Million yen)

	Reportable segments						Others (Note 2)	Total	Adjustment (Note 3)	Consolidated
	Domestic (Note 1)			Overseas (Note 1)		Subtotal				
	Manufacturing and sales of products	Maintenance	Laundry	Manufacturing and sales of products	Maintenance					
Revenue										
Revenue to external customers	10,871	7,418	5,799	3,373	1,276	28,738	16	28,755	—	28,755
Intersegment revenue and transfers	833	30	5	65	4	938	112	1,050	(1,050)	—
Total	11,704	7,448	5,804	3,438	1,280	29,677	128	29,805	(1,050)	28,755
Segment profit (loss)	200	2,155	555	(6)	135	3,041	24	3,066	36	3,103
Finance income	—	—	—	—	—	—	—	—	—	206
Finance costs	—	—	—	—	—	—	—	—	—	10
Profit before income taxes	—	—	—	—	—	—	—	—	—	3,299

(Notes)

1. The “Domestic” and “Overseas” categories among the reportable segments pertain to the business activities of domestic consolidated companies and overseas consolidated companies, respectively.
2. The “Others” category consists of business that is not included in reportable segments. It includes Real estate management business, Enterprise and personal non-life insurance and life insurance agent business and so on.
3. Adjustment of segment profit include the elimination of internal transactions among segments.